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POLICY

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Brazil

Livestock and Products Annual

Annual Livestock Report

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Report Highlights:

Post forecasts beef production to increase in 2011 by 3.5 percent supported by higher availability of cattle for slaughter, firm domestic demand for beef due to continued increase in the purchasing power of the population and an estimated growth of 8 percent in exports as packers are optimistic about economic recovery in their major markets. Post also forecasts pork production to increase by nearly 3 percent in 2011 as producers enjoy stability in feed prices, domestic demand will likely remain firm as pork prices are competitive with beef prices, and exports are forecasted to increase by 2.5 percent.

Executive Summary:

The outlook for the Brazilian economy in 2011 calls for continued economic growth above 5 percent, with lower inflation and a continued increase in consumer purchasing power. Brazilian meat exporters are also optimistic about growth of the world economy in 2011 and expect Brazilian exports of beef and pork to increase in their major markets. Post forecasts beef and pork production to increase around 3 percent in 2011, supported by export growth and firm domestic demand for animal proteins.

Post revised production and export estimates for Brazilian beef and pork for 2010 to reflect new estimates made by trade sources. These estimates call for lower rates of growth for beef and pork production and exports than those previously estimated. In general, domestic demand for both meats is supporting the expansion in production this year.

Commodities:

Animal Numbers, Cattle

Production:

After several years of intense cow culling, the Brazilian beef industry is still facing lower availability of finished cattle for slaughter. And, the situation was aggravated by the lack of payment by some packers which filed a bankruptcy procedure to stall payment to producers. It is estimated that 15 medium-sized packers continue to be operating under judicial recuperation (after court approved bankruptcy restructuring plans). However, this situation is likely to improve in 2011 with new government finance support currently under review. Post forecasts an increase around 3 percent in the cattle slaughter in 2011 and cattle inventories are expected to reach nearly 192 million by the end of next year.

Trade:

The outlook for cattle exports is beginning to give signs of slow growth despite the increase of exports of nearly 20 percent in 2010. However, in 2011, current estimates call for a drop of 18 percent in cattle exports. The estimated decline is mainly attributed to lower exports to Venezuela which is delinquent in payments to Brazilian producers. The state of Para in the Amazon region is the main source of live cattle for exports. Brazilian beef packers and exporters continue to criticize exports of live cattle specially now during a period of lower availability of cattle for slaughter. The hides and skins industry also supports beef exporters' complaints about live cattle exports.

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle Brazil	2009		2010		2011		
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Total Cattle Beg. Stks	179,540	179,540	185,325	185,322		191,858	(1000 HEAD)
Dairy Cows Beg. Stocks	35,908		37,148	37,148		38,372	(1000 HEAD)
Beef Cows Beg. Stocks	50,271		52,007	52,007		53,720	(1000 HEAD)
Production (Calf Crop)	49,150		49,400	49,200		49,250	(1000 HEAD)
Intra-EU Imports	0		0	0		0	(1000 HEAD)
Other Imports	520		573	125		0	(1000 HEAD)
Total Imports	520	0	573	125		82	(1000 HEAD)
Total Supply	229,210	179,540	235,298	234,647		241,190	(1000 HEAD)
Intra EU Exports	0		0	0		0	(1000 HEAD)
Other Exports	530		590	625		510	(1000 HEAD)
Total Exports	530	0	590	625		0	(1000 HEAD)
Cow Slaughter	12,304		12,120	11,600		10,900	(1000 HEAD)
Calf Slaughter	350		300	300		300	(1000 HEAD)
Other Slaughter	26,812		28,480	26,900		27,000	(1000 HEAD)
Total Slaughter	39,466	0	40,900	38,800		38,200	(1000 HEAD)
Loss	3,889		3,550	3,567		3,320	(1000 HEAD)
Ending Inventories	185,325		190,258	191,665		199,160	(1000 HEAD)
Total Distribution	229,210	0	235,298	234,657		241,190	(1000 HEAD)
CY Imp. from U.S.	0		0	0		0	(1000 HEAD)
CY. Exp. to U.S.	0		0	0		0	(1000 HEAD)

Commodities:

Meat, Beef and Veal

Production:

Post forecasts beef production to increase at around 3 percent in 2011 due to the following factors: a) increased exports, b) continued growth in domestic demand for beef as the Brazilian economy is expected to grow in 2011 at a rate above 5 percent, and c) higher consumer purchasing power which benefits consumption of animal proteins.

Post revised downward its 2010 beef production estimate by one percent over last year due to the shortage of finished cattle for slaughter. However, increased domestic consumption helped the sector from a further decline in production, as consumer purchasing power remained constant. Lower beef exports than previously anticipated also contributed to slower growth in production.

Trade:

Post forecasts beef exports to increase by 8 percent in 2011 as Brazilian beef exporters are optimistic about the economic recovery in their major markets, and new continued growth in exports to markets recently opened such as Indonesia and Chile. They also expect a continued recovery in the European beef market as more Brazilian cattle farms are enrolled in its traceability program. In addition, they also expect a recovery in processed beef exports to the United States after a major decline in 2010.

Post revised beef exports in 2010 due to the impact of the current Ivermectin issue with the United States, which reduced exports of processed beef by more than 50 percent. In addition, lower exports to Russia and other key markets reduced the rate of growth in exports from 15 to 5 percent this year. However, the value of exports in 2010 is expected to increase by over 30 percent despite the valuation of the Brazilian currency which affects export profitability.

Note: Differences between export data reported by Brazilian trade sources and those used by Post are due to the use of different conversion factors. Brazilian sources use a 2.5 percent factor for conversion of processed beef into Carcass Weight Equivalent (CWE), while post uses 1.79. The same applies for boneless beef, as Post uses 1.40 as the conversion factor, while Brazilian trade sources use 1.36. In addition, and as per FAS reporting instructions, variety meats (beef offals), HTS 0206 are not included for reporting purposes in our PSD and Trade Matrix tables.

Policy:

The National Bank for Economic and Social Development (BNDES), the largest subsidized financing source of credit to the Brazilian industry in general is being strongly criticized in Brazil by contributing to the high concentration of Brazilian meat packing industry (beef, pork and poultry). Cattle producers complain that the concentration of the Brazilian beef packing industry among two major groups reduced the competition in the sector. Both cattle producers and packers remain concerned about the lack of competition of Brazilian beef exports due to the valuation of the Brazilian currency.

Production, Supply and Demand Data Statistics:

Meat, Beef and Veal Brazil	2009		2010		2011		
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Slaughter (Reference)	39,466		40,900	38,800		38,200	(1000 HEAD)
Beginning Stocks	0	0	0	0		0	(1000 MT CWE)
Production	8,935		9,300	9,230		9,550	(1000 MT CWE)
Intra-EU Imports	0		0	0		0	(1000 MT CWE)
Other Imports	35		45	40		45	(1000 MT CWE)
Total Imports	35	0	45	40		45	(1000 MT CWE)
Total Supply	8,970	0	9,345	9,270		9,595	(1000 MT CWE)
Intra EU Exports	0		0	0		0	(1000 MT CWE)
Other Exports	1,596		1,825	1,675		1,810	(1000 MT CWE)
Total Exports	1,596	0	1,825	1,675		1,810	(1000 MT CWE)
Human Dom. Consumption	7,374		7,520	7,595		7,785	(1000 MT CWE)
Other Use, Losses	0		0	0		0	(1000 MT CWE)
Total Dom. Consumption	7,374	0	7,520	7,595		7,785	(1000 MT CWE)
Ending Stocks	0		0	0		0	(1000 MT CWE)
Total Distribution	8,970	0	9,345	9,270		9,595	(1000 MT CWE)
CY Imp. from U.S.	0		0	0		0	(1000 MT CWE)
CY. Exp. to U.S.	78		85	27		65	(1000 MT CWE)

Import Trade Matrix

Country

Brazil

Commodity

Meat, Beef and Veal

Time Period

Jan-jun

 Units:

Metric Tons

Imports for:

2009

2010

U.S.

0

 U.S.

0

Others Others

Argentina	3,289		3,914
Paraguay	1,681		2,710
Uruguay	3,349		4,743

Total for Others 8,319 11,367

Others not Listed

475

114

Grand Total 8,794 11,481

HTS: 0201,0202,021020,160250

Export Trade Matrix

Country

Brazil

Commodity

Meat, Beef and Veal

Time Period

Jan-Jun
2009

 Units:

Metric Tons

2009

2010

U.S.

24,537

 U.S.

13,534

24,537

13,534

Others

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 Others

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Angola	9,139		5,085
Algeria	34,186		22,253
Chile	535		7,416
Egypt	51,895		48,182
European Union	59,938		56,449
Hong Kong	49,665		47,433
Iran	24,768		94,948
Iraq	1,124		1,771
Israel	14,747		15,372
Lebanon	11,752		11,158
Libya	6,064		8,304
Japan	2,460		1,743
Jordan	7,187		5,758
Phillippines	6,371		7,636
Russia	161,258		138,118
Saudi Arabia	17,864		18,023
Singapore	3,284		2,329
Ukraine	1,137		1,655
UEA	6,186		5,675
Venezuela	16,638		20,769
Vietnam	5,263		379

Total for Others

491,461

520,456

491,461

520,456

Others not Listed

24,903

25,627

24,903

25,627

Grand Total

540,901

559,617

540,901

559,617

HTS:0201,0202,021020,160250

Quantity in Product Weight Equivalent (PWE)

Commodities:

Meat, Swine

Production:

Post forecasts pork production to increase in 2011 at an average rate of nearly 3 percent. Our projections reflect current optimism of pork exporters for increasing exports during next year and assume that the worst of the global financial turmoil has past. However, traders remain cautious about the impact of the valuation of the Brazilian currency and access to credit for main importers, such as Russia.

On the other hand, hog producers currently enjoy stability in feed prices, mostly from corn. Post also forecasts an increase in domestic pork demand because pork prices are currently competitive with beef prices. The pork council also continues with a strong public campaign to increase consumption of pork in the domestic market.

Trade:

Post forecasts pork exports to rebound by 2.4 percent in 2011 as demand from major importers is expected to increase. Brazilian pork exporters are also strategically focused on in new markets in Asia, such as China, and have begun to advocate for access to the US and Mexican markets.

Brazilian pork exports in 2010 are expected to decline by over 10 percent mostly due to reduced exports to major markets such as Russia and Hong Kong.

Production, Supply and Demand Data Statistics:

Animal Numbers, Swine Brazil	2009		2010		2011		
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Total Beginning Stocks	33,892	33,892	35,122	35,122		37,401	(1000 HEAD)
Sow Beginning Stocks	2,960		2,980	2,980		2,855	(1000 HEAD)
Production (Pig Crop)	35,890		37,265	37,265		39,150	(1000 HEAD)
Intra-EU Imports	0		0	0		0	(1000 HEAD)
Other Imports	0		0	0		0	(1000 HEAD)
Total Imports	0	0	0	0		0	(1000 HEAD)
Total Supply	69,782	33,892	72,387	72,387		76,551	(1000 HEAD)
Intra EU Exports	0		0	0		0	(1000 HEAD)
Other Exports	1		1	0		0	(1000 HEAD)
Total Exports	1	0	1	0		0	(1000 HEAD)
Sow Slaughter	80		90	90		80	(1000 HEAD)
Other Slaughter	33,430		34,610	33,746		34,730	(1000 HEAD)
Total Slaughter	33,510	0	34,700	33,836		34,810	(1000 HEAD)
Loss	1,149		1,149	1,150		1,050	(1000 HEAD)
Ending Inventories	35,122		36,537	37,401		40,691	(1000 HEAD)
Total Distribution	69,782	0	72,387	72,387		76,551	(1000 HEAD)
CY Imp. from U.S.	0		0	0		0	(1000 HEAD)
CY. Exp. to U.S.	0		0	0		0	(1000 HEAD)

Meat, Swine Brazil	2009		2010		2011		
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 201		
	USDA Official	New Post	USDA Official	New Post	Old Post	New Post	
Slaughter (Reference)	33,510		34,700	33,846		34,810	(1000 HEAD)
Beginning Stocks	0	0	0	0		0	(1000 MT CWE)
Production	3,130		3,250	3,170		3,260	(1000 MT CWE)
Intra-EU Imports	0		0	0		0	(1000 MT CWE)
Other Imports	0		0	0		0	(1000 MT CWE)
Total Imports	0	0	0	0		0	(1000 MT CWE)
Total Supply	3,130	0	3,250	3,170		3,260	(1000 MT CWE)
Intra EU Exports	0		0	0		0	(1000 MT CWE)
Other Exports	707		790	625		640	(1000 MT CWE)
Total Exports	707	0	790	625		640	(1000 MT CWE)
Human Dom. Consumption	2,423		2,460	2,545		2,620	(1000 MT CWE)
Other Use, Losses	0		0	0		0	(1000 MT CWE)
Total Dom. Consumption	2,423	0	2,460	2,545		2,620	(1000 MT CWE)
Ending Stocks	0		0	0		0	(1000 MT CWE)
Total Distribution	3,130	0	3,250	3,170		3,260	(1000 MT CWE)
CY Imp. from U.S.	0		0	0		0	(1000 MT CWE)
CY. Exp. to U.S.	0		0	0		0	(1000 MT CWE)

Export Trade Matrix

Country

Brazil

Commodity

Meat, Swine

Time Period

Jan-Jun

Units:

Metric Tons

Exports for:

2009

2010

U.S.

0

U.S.

0

Others

Others

Albania	4,737		2,318
Angola	13,543		10,079
Argentina	12,404		13,310
Armenia	2,636		1,413
European Union	0		0
Georgia	2,270		1,442
Kazakhstan	466		1,970
Hong Kong	47,035		35,138
Moldova	3,945		4,164
Russia	135,236		120,519
Singapore	13,447		12,889
South Africa	4		81
UAE	1,512		2,993
Ukraine	17,318		20,184
Uruguay	4,579		5,396
Total for Others	259,132		231,896
Others not Listed	6,826		6,385
Grand Total	265,958		238,281

HTS: 020311,020312,020319,020321,020322,020329,
and 021011,021012,021019,160241,160242,160249

Quantity in Product Weight Equivalent (PWE)